



TUESDAY 8th APRIL 2014 – MORNING

ECONOMICS OF SEA TRANSPORT AND INTERNATIONAL TRADE

Time allowed – three hours

Answer any FIVE questions – all questions carry equal marks

Please read the questions carefully before answering

1. Answer **both** parts of the question:

- a) Describe the global tanker trade, providing **three** examples of typical cargoes.
- b) How will the growth in pipelines affect the tanker market in the future? Use the world map provided.

2. Answer **all** parts of the question:

Define the concept of opportunity cost. Using examples explain the concept as it applies to the shipping industry from the point of view of a:

- a) port agent
- b) ship owner
- c) charterer.

3. Compare and contrast tariffs and subsidies in international trade. Give examples of the application of both.

4. Explain how foreign currency rates between countries are determined. Use a graph to support your answer.

5. Examine the factors that influence the demand for shipping and explain why demand for shipping is said to be a derived demand.

PLEASE TURN OVER

6. Assess the extent to which the dry and tanker markets operate under 'perfectly competitive' conditions.
7. A country suffers from a persistent balance of payment deficit. What actions can the country take to manage this?
8. Discuss the factors which affect the global supply of ships.